



UNITED STATES DEPARTMENT OF EDUCATION

Federal Student Aid

TO: Secretary Rod Paige
U.S. Secretary of Education

FROM: Terri Shaw
Chief Operating Officer

RE: FSA Weekly Report

DATE: May 19, 2003

THE WEEK AHEAD

Region V Private Career Colleges and Schools Workshop: On May 21-23, FSA's Chicago Case Management Team will co-host the Region V Private Career Colleges & Schools Workshop in Bloomingdale, Illinois. With more than 150 industry representatives scheduled to attend, the workshop will provide schools with information on Federal financial aid programs.

Loan Consolidation Benefits: FSA, working with OPA, anticipates issuing a press release this week regarding the pending interest rate change, its impact on the Department's Direct Consolidation Loan Program, and the benefits to borrowers.

Federal Update: On May 22, FSA's Program Development group is scheduled to present to Financial Aid Administrators and School Owners at the Private Career Colleges & Schools Workshop.

GAO Exit Conference -- IRS Data Sharing: An exit conference is scheduled for May 21, to review how selected federal agencies share and verify taxpayer information from the IRS, how the IRS uses information received from federal agencies to ensure that taxpayers are meeting their obligations and what opportunities exist for improving program performance by sharing and verifying data from the IRS.

OPERATIONAL METRICS

Application Activities through May 11, 2003: The Central Processing System (CPS) has processed 6,377,285 applications for the 2003-2004 cycle, a 6.7% increase over the 2002-2003 cycle.

1-800-4-FED-AID through May 10, 2003: Year-to-date, FSA call centers have received 3,410,928 calls, a 2.5% increase over last year. Service levels have increased with 98.6% of calls completed, a 6.5% increase over FY2002-2003 and the average speed to answer reduced by 74.8% to 12 seconds.

Total FSA Default Recoveries through May 12, 2003: Total FSA default recoveries for the fiscal year reached \$1.013 Billion, up 20% year-to-date. The rise in recoveries is due to several factors including increases in loan rehabilitations (up almost 350% over FY02), increases in regular collections, and the success of the National Directory of New Hires matching program.

Total non-consolidation recoveries reached \$820.1 million, up 36% year to date. Combined recoveries from our private collection agency efforts reached \$608.7 million, up 24% year-to-date.

FSA IN THE FIELD

Regional Office Visits: On May 15, Terri Shaw visited FSA's Chicago regional office. Since March, Terri has visited the Kansas City, Atlanta, Boston, New York, Philadelphia, and San Francisco regional offices to meet with FSA staff.

Community Partnership, Conference Attendance and Presentations: During the week of May 4, FSA representatives presented at the Thurgood Marshall Scholarship Fund Conference in Detroit, MI. The workshop was entitled Last Dollar Awarded, Default Management, and Surviving Program Reviews and Audits.

Eastern Association of Student Financial Aid Administrators: On May 17, FSA's Program Development group presented at the annual meeting of the Eastern Association of Student Financial Aid Administrators.

KEY ISSUES

Four Millionth Free Application for Federal Student Aid (FAFSA) Application: Last week, FAFSA on the Web received its four millionth application for the 2003-2004 cycle, two months earlier than last year. Year-to-date, the total number of FAFSA's processed is up 6.71% compared to the same time last year. However, the number of paper FAFSA's processed is down 26.84%. For the 2003-04 processing cycle, 65% of all of the applications are being filed electronically, an increase of 41.51% over the same time in 2002-03.

Partnership with Intel Computer Clubhouse Network

FSA initiated a partnership with the Intel Computer Clubhouse Network to disseminate information about Federal student aid available for postsecondary education. The Intel Computer Clubhouse Network currently has over 50 Clubhouses nationwide providing thousands of youth in underserved communities with access to resources, skills, and experiences to help them achieve success in life. Student Aid Awareness is supporting the Computer Clubhouse's "Clubhouse to College/Career Program" by providing information on financial aid resources and train-the-trainer sessions for Clubhouse Directors.

Sallie Mae: FSA and Sallie Mae continue to assess the impact of Sallie Mae's recent disclosure that a Sallie Mae system problem caused over 800,000 borrowers to make inaccurate monthly

payments. FSA is determining the scope of the problem and will identify appropriate remedies and policy implications.

ACS: FSA officials met with representatives of ACS, Inc., the contractor of record servicing the Department's Direct Loan portfolio, to clarify the public announcement on FedBizOpps of the sole-source extension and the subsequent press release by the company.

GAO Exit Conference - Americans Attending Foreign Schools: On May 8, an exit conference was held to report on the extent of loan fraud, waste and abuse to students in foreign schools, the Department's steps to curb these abuses, and to identify tighter disbursement controls. A draft report is expected by the end of the month.

Late Stage Delinquency Assistance (LSDA) Initiative Update: The results of a random sample of twelve Direct Loan schools participating in the LSDA initiative indicates that schools were able to reduce their potential Cohort Default Rate (CDR) by 30% resulting in \$2,407,247 in rescued defaults for these schools. At the current rate, these schools could save over \$9,000,000 in defaults this year

Alternate Data Center Sites: FSA CIO participated with the Office of Management to review an analysis of alternative data center sites. FSA provided cost information to allow the prioritization of the five alternatives. Additional analysis on the top two alternatives will be conducted over the next two weeks.

Government-wide eAuthentication Steering Committee: On May 9, FSA attended a steering committee meeting at the White House Conference Center for the newly formed, government-wide eAuthentication project, a part of the President's Management Agenda.

FAFSA 2004-2005: The comment period for the draft 2004-2005 Free Application for Federal Student Aid (FAFSA) ended on May 5. The FAFSA Design Group met on May 12 to review all comments. They anticipate submitting a revised FAFSA for OMB review by the end of this week.

Voluntary Flexible Agreements (VFA): FSA is conducting an internal review of the draft Voluntary Flexible Agreement (VFA) Report to Congress. VFA's replace the standard agency agreement for selected guarantors that develop innovative methods for delinquency and default prevention. Upon final FSA approval, the report will be released for Department-wide review the week of May 19 and is tentatively scheduled for delivery to Congress on May 31.

CONTACT INFORMATION

Please contact Chris Greene at 377-4003 with any questions.